Greater Giyani Municipality
Annual financial statements
for the year ended 30 June 2015

General Information

Legal form of entity	Local Municipality
Executive committee	
Mayor	MP Hlungwani
Speaker	SS Mathebula
Chief Whip	JH Bilankulu
Councillors	XJ Baloyi
	NR Khandlhela
	GA Maluleke
	KA Manganyi
	NHP Ndaba
	NM Rikhotso
	MQ Rikhotso
	TE Baloyi
	MA Makamu
	WW Mhlongo
	HH Makhubele
	W Baloyi
	HR Shivambu
	MJ Ndlovu
	SS Mathebula
	TA Makhubele
	M Shiviti
	MJ Mathebula
	PP Makhubele
	BM Makhubele
	MI Shimange
	MT Sambo
	HI Baloyi
	HD Shivambu
	JH Bilankulu
	B Gaveni
	ZR Maswanganyi
	TC Zitha
	TJ Moshwana
	S Makhubele
	TR Maluleke
	RO Mabasa
	AM Mthombeni
	GE Kobane
	HJ Manganyi
	SS Maswanganyi
	C Modjela
	MJ Makhubele
	DE Baloyi
	PY Matukane
	MG Makhubele
	NP Mhlongo
	MD Hlungwani
	GE Sithole

General Information

	TC Manganyi TN Mavasa MS Maswanganyi SH Vukeya MP Makhubele MW Mthombeni AM Ngobeni HB Ntimana A Rikhotso SH Fuela PP Mkhari BM Khosa EN Mabunda JT Chavalala NM Maswanganyi
Audit committee members	SAB Ngobeni - Chairperson MP Ramutsheli HG Hlomane MN Chauke RR Shilenge
Grading of local authority	Grade 3
Accounting Officer	
Chief Whip	JH Bilankulu
Chief Finance Officer (CFO)	MA Mothapo
Accounting Officer	RH Maluleke
Business address	BA 59 Civic centre CBD Giyani
Postal address	Private X9559 GIYANI 0826
Bankers	ABSA Giyani Branch
Auditors	Auditor General of South Africa
Provincial Treasury	M Maeta
Website	www.greatergiyani.gov.za
Enabling legislation	The Division of Revenue Act of 2011 The Constitution of the Republic of South Africa The Municipal Finance Management Act 56 of 2003 The Municipal Systems Act 32 of 2000

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Abbreviations

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund
MDM	Mopani District Municipality

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the service charges and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Greater Giyani Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on pages 5 to 62, which have been prepared on the going concern basis, were approved by the accounting officer on 28 August 2015 and were signed on its behalf by:

RH Maluleke
Accounting Officer
Greater Giyani Municipality

29 August 2015

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2015.

The Financial year 2014/2015 could be regarded as a period for reconstruction of the administration of Greater Giyani Municipality, especially since the Municipality was recovering from operating without some key personnel in the previous year; however, be that as it may, a lot in terms of implementation has been achieved in this period.

Having regard to the developmental nature of the local government, the municipality has continued to put premium value on public participation. The views of the stakeholders are and will always be central in accelerating service delivery. Public participation was more than listening as it was effecting changes to Integrated Development Plans (IDP) when such a call was made. It is always important to frequently keep the community abreast of the performance of the municipality against its targets.

The challenges facing the Municipality are therefore to successfully implement its Strategic documents namely the IDP and to improve on the audit status so that we are able to realise the 2015 goal of having clean audit. To realise the above there is a need for more emphasis and implementation of the AGSA`s recommendations and strengthening systems of Internal control.

The Municipality largely depends on grants, with a low revenue base with a wide scale of rural areas with major issues such as poverty, inequality, housing, mobility, crime and unemployment. Greater Giyani remains a remarkable Municipality with incredible natural beauty, places and people, all to the rich tapestry of heritage, history and culture that make Greater Giyani the attraction that is.

The appointment of the Municipal Public Accounts Committee (MPAC) and fully capacitating Internal Audit unit and Risk Management have assisted the Municipality in ensuring that Internal financial management control measures are improved and effective.

The Annual Report highlights the policies, programmes and achievements that brought the Municipality to a point which one can proudly proclaim with confidence that today is better than yesterday and tomorrow looks much brighter than today. Financial statements are prepared in-house and according to GRAP standards.

Subsequent events
The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

Going concern
Based on current financial analysis by the management, the financial statements is prepared with assumption that the municipality will operate in the next coming 12 months

Audit Committee
The Audit Committee was not fully functional during the financial year as the term of the audit committee came to an end in January 2015. The Municipality's council appointed the audit committee from 27May 2015 .

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Current Assets			
Inventories	3	1 436 620	494 168
Trade and other receivables	4	16 533 198	14 028 261
VAT receivable	5	1 958 118	-
Consumer debtors	6	28 919 721	5 486 641
Cash and cash equivalents	7	150 319 082	86 643 612
		199 166 739	**106 652 682**
Non-Current Assets			
Property, plant and equipment	8	410 693 809	338 903 022
Total Assets		**609 860 548**	**445 555 704**
Liabilities			
Current Liabilities			
Finance lease obligation	9	392 566	784 171
Trade and other payables (from non-exchange transactions)	10	48 018 414	40 315 963
VAT payable	11	-	1 426 710
Unspent conditional grants	12	2 086 416	2 268 319
		50 497 396	**44 795 163**
Non-Current Liabilities			
Retirement benefit obligation	13	19 640 069	16 479 130
Total Liabilities		**70 137 465**	**61 274 293**
Net Assets		**539 723 083**	**384 281 411**
Accumulated surplus	14	539 723 083	384 281 411

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
Revenue			
Revenue from exchange transactions			
Service charges	15	3 953 160	3 830 578
Rental of facilities and equipment		840 130	838 776
Agency services		244 525	324 657
Licences and permits		4 499 346	3 683 193
Other income	19	1 547 171	1 354 454
Interest received	24	14 893 660	13 077 310
Total revenue from exchange transactions		**25 977 992**	**23 108 968**
Revenue from non-exchange transactions			
Taxation revenue			
Fines		91 418	76 445
Property rates	16	28 668 162	27 155 717
Transfer revenue			
Government grants & subsidies	17	257 148 385	216 010 928
Total revenue from non-exchange transactions		**285 907 965**	**243 243 090**
Total revenue		**311 885 957**	**266 352 058**
Expenditure			
Employee related costs	21	(94 202 388)	(88 816 760)
Remuneration of councillors	22	(18 573 328)	(16 980 056)
Depreciation and amortisation	25	(14 405 689)	(13 019 390)
Finance costs	26	(430 059)	(514 286)
Lease rentals on operating lease		(390 755)	(373 545)
Debt Impairment	23	45 410 047	(28 449 727)
Repairs and maintenance		(7 888 503)	(10 248 757)
Contracted services	28	(213 876)	(426 898)
General expenses	20	(66 177 167)	(51 143 782)
Total expenditure		**(156 871 718)**	**(209 973 201)**
Operating surplus		**155 014 239**	**56 378 857**
Gain on disposal of assets and liabilities		427 436	-
Surplus for the year		**155 441 675**	**56 378 857**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2013	**255 418 176**	**255 418 176**
Changes in net assets		
Correction of Error	72 484 378	72 484 378
Net income (losses) recognised directly in net assets	72 484 378	72 484 378
Surplus for the year	56 378 857	56 378 857
Total recognised income and expenses for the year	128 863 235	128 863 235
Total changes	128 863 235	128 863 235
Balance at 01 July 2014	**384 281 409**	**384 281 409**
Changes in net assets		
Surplus for the year	155 441 674	155 441 674
Total changes	155 441 674	155 441 674
Balance at 30 June 2015	**539 723 083**	**539 723 083**

Note(s)

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Receipts			
Cash received from trade services, assessment rates and rental		63 258 393	15 102 199
Grants		257 330 288	206 499 638
Interest income		14 804 846	13 077 310
Other receipts		2 318 364	731 884
		337 711 891	235 411 031
Payments			
Employee costs		(112 775 716)	(99 001 854)
Suppliers		(74 670 000)	(62 966 423)
Finance costs		(430 059)	(514 286)
		(187 875 775)	(162 482 563)
Net cash flows from operating activities	29	**149 836 116**	**72 928 468**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(87 545 649)	(70 825 999)
Proceeds from sale of property, plant and equipment	8	1 776 608	-
Net cash flows from investing activities		**(85 769 041)**	**(70 825 999)**
Cash flows from financing activities			
Finance lease payments		(391 605)	(280 490)
Net increase in cash and cash equivalents		**63 675 470**	**1 821 979**
Cash and cash equivalents at the beginning of the year		86 643 612	84 821 633
Cash and cash equivalents at the end of the year	7	**150 319 082**	**86 643 612**

Greater Giyani Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	3 955 000	(218 300)	**3 736 700**	3 953 160	**216 460**	
Rental of facilities and equipment	726 580	57 270	**783 850**	840 130	**56 280**	
Agency services	400 000	(200 000)	**200 000**	244 525	**44 525**	
Licences and permits	5 100 000	140 000	**5 240 000**	4 499 346	**(740 654)**	
Other income	4 391 367	(890 917)	**3 500 450**	1 547 171	**(1 953 279)**	
Interest received - investment	17 000 000	(4 850 000)	**12 150 000**	14 893 660	**2 743 660**	
Total revenue from exchange transactions	**31 572 947**	**(5 961 947)**	**25 611 000**	**25 977 992**	**366 992**	
Revenue from non-exchange transactions						
Taxation revenue						
Traffic fines	47 000	11 000	**58 000**	91 418	**33 418**	
Property rates	30 000 000	11 600 000	**41 600 000**	28 668 162	**(12 931 838)**	
Transfer revenue						
Government grants & subsidies	244 236 000	14 982 000	**259 218 000**	257 148 385	**(2 069 615)**	
Total revenue from non-exchange transactions	**274 283 000**	**26 593 000**	**300 876 000**	**285 907 965**	**(14 968 035)**	
Total revenue	**305 855 947**	**20 631 053**	**326 487 000**	**311 885 957**	**(14 601 043)**	
Expenditure						
Personnel	(94 994 662)	(451 999)	**(95 446 661)**	(94 202 388)	**1 244 273**	
Remuneration of councillors	(16 944 232)	-	**(16 944 232)**	(18 573 328)	**(1 629 096)**	
Depreciation and amortisation	(30 000 000)	-	**(30 000 000)**	(14 405 689)	**15 594 311**	
Finance costs	(450 000)	-	**(450 000)**	(430 059)	**19 941**	
Lease rentals on operating lease	-	-	**-**	(390 755)	**(390 755)**	
Bad debts written off	(20 000 000)	-	**(20 000 000)**	13 171 038	**33 171 038**	
Repairs and maintenance	(17 555 000)	(3 564 291)	**13 990 709**	(7 888 503)	**6 102 206**	
Contracted Services	(850 000)	-	**(850 000)**	(213 876)	**636 124**	
General Expenses	(54 643 874)	6 488 816	**(48 155 058)**	(66 177 169)	**(5 044 479)**	
Total expenditure	**(235 437 768)**	**2 472 526**	**(197 855 242)**	**(189 110 729)**	**49 703 563**	
Operating surplus	**70 418 179**	**23 103 579**	**93 521 758**	**122 775 228**	**29 253 470**	
Gain on disposal of assets and liabilities	500 000	(250 000)	**250 000**	427 436	**177 436**	
Surplus before taxation	**541 293 715**	**18 158 527**	**524 342 242**	**500 996 686**	**(64 304 606)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**541 293 715**	**18 158 527**	**559 452 242**	**500 996 686**	**(58 455 556)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	2 500 000	-	**2 500 000**	1 436 620	**(1 063 380)**	
Trade and other receivables	-	-	-	16 533 198	**16 533 198**	
VAT receivable	-	-	-	1 958 118	**1 958 118**	
Consumer debtors	54 111 000	-	**54 111 000**	28 919 721	**(25 191 279)**	
Cash and cash equivalents	48 000 000	-	**48 000 000**	150 319 082	**102 319 082**	
	104 611 000	-	**104 611 000**	**199 166 739**	**94 555 739**	
Non-Current Assets						
Property, plant and equipment	374 849 000	-	**374 849 000**	410 693 809	**35 844 809**	
Total Assets	**479 460 000**	-	**479 460 000**	**609 860 548**	**130 400 548**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	392 566	**392 566**	
Trade and other payables (from non-exchange transactions)	56 607 000	-	**56 607 000**	48 018 414	**(8 588 586)**	
Unspent conditional grants	-	-	-	2 086 416	**2 086 416**	
	56 607 000	-	**56 607 000**	**50 497 396**	**(6 109 604)**	
Non-Current Liabilities						
Retirement benefit obligation	-	-	-	19 640 069	**19 640 069**	
Total Liabilities	**56 607 000**	-	**56 607 000**	**70 137 465**	**13 530 465**	
Net Assets	**422 853 000**	-	**422 853 000**	**539 723 083**	**116 870 083**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	422 853 000	-	**422 853 000**	539 723 083	**116 870 083**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	244 236 000	14 982 000	**259 218 000**	206 499 638	**(52 718 362)**	
Interest income	5 500 000	900 000	**6 400 000**	13 077 310	**6 677 310**	
Other receipts	34 933 447	6 834 543	**41 767 990**	15 834 067	**(25 933 923)**	
	284 669 447	**22 716 543**	**307 385 990**	**235 411 015**	**(71 974 975)**	
Payments						
Employee costs	(111 938 894)	(451 999)	**(112 390 893)**	(99 001 854)	**13 389 039**	
Suppliers	(73 048 874)	(2 924 233)	**(75 973 107)**	(62 966 423)	**13 006 684**	
Finance costs	(450 000)	-	**(450 000)**	(514 286)	**(64 286)**	
	(185 437 768)	**(3 376 232)**	**(188 814 000)**	**(162 482 563)**	**26 331 437**	
Net cash flows from operating activities	**99 231 679**	**19 340 311**	**118 571 990**	**72 928 452**	**(45 643 538)**	
Cash flows from investing activities						
Capitalised development costs	(100 918 179)	(17 004 527)	**(117 922 706)**	(70 825 983)	**47 096 723**	
Cash flows from financing activities						
Finance lease payments	-	-	-	(280 490)	**(280 490)**	
Net increase/(decrease) in cash and cash equivalents	(1 686 500)	2 335 784	**649 284**	1 821 979	**1 172 695**	
Cash and cash equivalents at the beginning of the year	86 643 612	-	**86 643 612**	84 821 633	**(1 821 979)**	
Cash and cash equivalents at the end of the year	**84 957 112**	**2 335 784**	**87 292 896**	**86 643 612**	**(649 284)**	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003) and MFMA Circulars as issued by National Treasury.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period, unless explicitly stated otherwise.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Loans and receivables

The municipality assesses its trade receivables, and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for the assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

Effective interest rate

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Debtors impairment

The provision for impairment is measured with reference to historical data and payment trend analysis per group of consumers and/or category. An impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Recognition

The cost of an item of property, plant and equipment is recognised as an asset when.

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Initial measurement

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as seperate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement

Property, plant and equipment is carried,at cost less accumulated depreciation and any impairment losses.

Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows.

Item	Average useful life
Buildings	30
Plant and equipment	5 - 13
Motor vehicles	7 - 14
Office equipment	8
IT equipment	6 - 8
Computer and accessories	3 - 9
Roads, pavement, bridges and storm water	10 - 30
Community halls	30
Security measures	3 - 10
Libraries	30
Car parks, bus terminals and taxi ranks	20
Street lighting	20 - 25
Refuse site	30
Fire services	30
Clinics	30
Cemeteries	30
Park and garden	10 - 30
Street names, signs and parking meters	5
Sport fields	10 - 30
Specialised vehicles	15
Housing	30
Furniture and fittings	5 - 8
Office machines	5 - 8
Air conditioners	5 - 8
Other equipments	5 - 18

Land is not depreciated as it is deemed to have an indefinite useful life.

The residual value, the useful life and depreciation method of each asset are reviewed at least at of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Accounting Policies

1.5 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity, or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto

Class	Category
Consumer debtors	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto.

Class	Category
Finance lease obligation	Financial liability measured at amortised cost
Trade and other payables (from non-exchange transactions)	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is.
- combined instrument that is required to be measured at fair value, or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit

Accounting Policies

1.5 Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost.

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.5 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality .
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipalities removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Accounting Policies

1.5 Financial instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the municipality directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases - lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases - lessee

Operating leases are those leases that do not fall within the scope of the definition of a finance lease. The aggregate benefit of incentives of operating lease are recognised as a reduction of rental expense on a straight-line basis over the lease term.

Accounting Policies

1.7 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Inventories consisting of consumables stores, raw materials, work in progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

1.8 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit)

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:
- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of.

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.9 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service,
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Retirement benefits

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund, and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset.

- current service cost,
- interest cost;
- actuarial gains and losses;

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

Accounting Policies

1.10 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects.
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality offers various types of long service awards to its employees. The provision is to recognise the present value of the obligation as at the reporting date.

1.11 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

1.12 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Measurement

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

Accounting Policies

1.12 Revenue from exchange transactions (continued)

Service charges

Flat rate service charges relating to electricity which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:
· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and,
· The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period
in which meters have been read.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Rates, including collection charges and penalties interest

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based
on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Government grants, transfers and donations

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of
national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Stipulations can either be in the form of conditions or in the form of restrictions. For both conditions and restrictions a recipient may be required to use the transferred asset for a particular purpose. However the difference between a restriction and a condition is that a condition has an additional requirement which states that the asset or its future economic benefits or service potential should be returned to the transferor should the recipient not use the asset for the particular purpose stipulated.

When conditions are attached to a transferred asset, the municipality incurs a liability. The municipality has a present obligation to comply with the conditions of the asset or to return the economic benefits or service potential of the asset to the transferor when the conditions are not met. Therefore, when a recipient initially recognises an asset that is subject to a condition, the recipient also incurs a liability.

Restrictions on transferred assets arise when there is an expectation and/or understanding about the particular way that the assets will be used. However, there is no requirement that the transferred asset, or future economic benefits or service potential
are to be returned to the transferor if the assets are not used as per the expectation or understanding. Thus, initially gaining control of an asset with restrictions does not impose a present obligation on the recipient and consequently no liability is recognised.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as
an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.14 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.16 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Offsetting

Assets, liabilities, revenue and expenses have not been offset.

1.20 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.21 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required

Accounting Policies

1.22 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager as well as the Mayor and Councillors.

1.23 Value added tax

The municipality accounts for Value Added Tax on the payments basis.

1.24 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is raised.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods.

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have no been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions un the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2015.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in.

- identifying related party relationships and transactions,
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required, and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity.

- A person or a close member of that person's family is related to the reporting entity if that person.
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity,
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member),
  - both entities are joint ventures of the same third party,
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity,
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a), and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of.

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is· to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

3. Inventories

Consumable stores	1 436 620	494 168

Inventory has been valued using the weighted average method.

4. Trade and other receivables

Staff receivables (a)	121 575	948 456
Sundry receivables (b)	3 622 511	3 622 511
Agency fee - MDM (c)	2 069 684	1 826 797
Inter-municipal account (MDM)	4 837 604	-
Sundry receivables provision	(3 670 972)	(3 670 975)
Other receivables (payroll)	9 552 796	11 301 472
	16 533 198	**14 028 261**

Figures in Rand	2015	2014

4. Trade and other receivables (continued)

(a) Staff receivables

Staff receivables of R 48 464 relate to amounts owed by councillors arising from exceeding cellphone limits on the Vodacom group subscription. A cellphone contract with Vodacom was based on the cellphone allowances of councillors, but the contract was not implemented as agreed by the service provider to ensure that limits are not exceeded. The recovery of the amounts still owing is in progress.

An amount of R 855 817 relates to the overpayments of salaries to councillors. The amount is was to be paid back to the Municipality by councillors over the period of 6 months starting from July 2014. The outstanding balance as at 30 June is R 14 308. This is as per the council resolution taken by Greater Giyani Municipal Council.

Other Debtors
Included in the other debtors is the payroll suspense account of R 9 464 789

(b) Sundry receivables

Gross sales	4 016 500	4 016 500
Cash received	(588 989)	(588 989)
Debtor for fraudulant bank transaction	195 000	195 000
	3 622 511	**3 622 511**

The gross sales and cash received of the sundry debtors relates to sale of stands through an auction during 2009. The balance of the funds regarding sale of stands is paid into attorneys trust account. The amount paid into attorneys to date is R1 191 992 and the auction commission fee is R419 919. The balance in this attorneys trust account is unknown. Due to the dispute with the auctioneer, the outstanding amount was never paid to the Municipality and as a result , it was provided for in full based on the credit control policy.

(c) Agency fee - MDM

The agency fee is equals to the 5% of the collection of water and sewer debt as per water service agreement with Mopani District Municipality.

(D) Mopani Inter-Municipal Transactions

The water service fuction is ringfenced on the account of MDM which is the water service authority. The revenue earned, Expenditure and the transfer received with regard to water are posted to inter-municipal control account. The net effect of all balances arrising from the water service related the transactions will either be debit or credit in the books of the Munivipality. refer to Trade and other payables summary for Inter-Municipal Account (MDM)

Staff receivables

Current (0 - 30 days)	62 772	855 817
> 365 days	-	48 464
	62 772	**904 281**

Sundry receivables

> 365	3 622 511	3 622 511

Agency fee-MDM

Current (0 - 30 days)	242 887	324 658
> 365	1 862 797	1 502 139
	2 105 684	**1 826 797**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

5. VAT receivable

Output VAT	44 888 967	-
Input VAT supplies	(12 970 118)	-
VAT recoveries	(29 960 731)	-
	1 958 118	-

6. Consumer debtors

Classified by service category		
Rates	30 473 880	55 780 923
Debtors with credit balance	3 055 426	1 493 143
Refuse	13 269 585	12 069 454
Interest	19 783 480	19 694 666
Housing rental	1 947 487	1 576 432
Cemetary charges	564 411	456 614
	69 094 269	**91 071 232**
Less: Allowance for impairment		
Total	(3 005 174)	(53 783 705)
Refuse	(30 578 104)	(12 026 477)
Regional services levies	(5 528 960)	(17 855 412)
Housing rental	(2 893 654)	(1 442 439)
Cemetery charges	1 831 345	(476 558)
	(40 174 547)	**(85 584 591)**
Net balance		
Rates	27 468 707	1 997 218
Sewerage	3 055 426	1 493 143
Refuse	(17 308 519)	42 977
Regional services levies	14 254 519	1 839 254
Housing rental	(946 167)	133 993
Cemetery charges	2 395 755	(19 944)
Net balance	**28 919 721**	**5 486 641**

Ageing analysis per service category

Rates		
Current (0 -30 days)	628 580	821 857
31 - 60 days	944 203	1 055 099
61 - 90 days	(8 519 633)	192 434
91 - 120 days	(1 573 188)	1 676 188
121 - 365 days	(16 988 154)	8 272 724
> 365 days	55 982 072	43 762 621
	30 473 880	**55 780 923**
Debtors with credit balance		
> 365 days	3 055 426	1 493 143

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

6. Consumer debtors (continued)

Refuse		
Current (0 -30 days)	260 665	226 740
31 - 60 days	2 935	(252 833)
61 - 90 days	93 988	67 493
91 - 120 days	183 936	(49 406)
121 - 365 days	658 606	1 289 957
> 365 days	12 069 455	10 787 503
	13 269 585	**12 069 454**

Interest		
Current (0 -30 days)	677 769	648 733
31 - 60 days	(2 596)	637 972
61 - 90 days	(24 242)	635 374
91 - 120 days	729 186	652 755
121 - 365 days	4 113 312	4 644 492
> 365 days	14 290 051	12 475 340
	19 783 480	**19 694 666**

Housing rental		
Current (0 -30 days)	29 108	31 540
31 - 60 days	32 244	24 866
61 - 90 days	35 344	30 508
91 - 120 days	30 250	30 018
121 - 365 days	244 408	269 305
> 365 days	1 576 133	1 190 195
	1 947 487	**1 576 432**

Cemetery charges		
Current (0 -30 days)	6 340	(33 329)
31 - 60 days	8 496	6 877
61 - 90 days	9 357	6 485
91 - 120 days	8 390	6 938
121 - 365 days	75 236	76 384
> 365 days	456 592	393 259
	564 411	**456 614**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(85 584 591)	(101 254 015)
Contributions to allowance	45 410 044	(28 455 226)
Debt impairment written off against allowance	-	44 124 650
	40 174 547	**(85 584 591)**

During 2014 financial year an amount of R 44 124 650 relating to unclassified debtors were written off by the council of Greater Giyani Municipality. This amount was as a result of error occurred during the migration of data from Promise system to Pastel Evolution system. The amount was deemed unrecoverable by the council.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

7. Cash and cash equivalents (continued)

	2015	2014
Call investments deposits	53 542 980	50 915 140
Short-term deposits	82 928 420	231 473
Cashbook balance - primary	13 759 633	32 355 763
Cashbook balance - secondary	88 048	3 141 236
	150 319 081	**86 643 612**

The municipality had the following bank accounts

Account number / description	Bank statement balances 30 June 2015	Bank statement balances 30 June 2014	Cash book balances 30 June 2015	Cash book balances 30 June 2014
Current Account - 71032635579 (FNB)	242 570	229 335	245 024	231 423
Current Account - 4077078193 (ABSA)	13 579 548	32 355 943	13 759 933	32 355 763
Current Account - 4077078486 (ABSA)	226 748	3 141 648	88 048	3 141 236
Call Deposit - 4078155655 (ABSA)	23 822 681	22 656 267	23 921 561	22 747 563
Call Deposit - 4078155744 (ABSA)	29 498 978	28 054 640	29 621 419	28 167 627
Notice Account-03/7881116218/000010 (Nedbank)	31 000 455	-	31 000 455	-
Notice Account-03/7881116218/000008 (Nedbank)	51 682 941	-	51 682 941	-
Total	**150 053 921**	**86 437 833**	**150 319 381**	**86 643 612**

8. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Air conditioners	664 740	(376 477)	288 263	664 740	(322 800)	341 940
Buildings - Community	12 125 732	(518 754)	11 606 978	2 343 000	(518 754)	1 824 246
Buildings - Market and industrial	4 942 247	(684 311)	4 257 936	4 942 247	(506 897)	4 435 350
Buildings - Municipal and civic	65 756 062	(3 399 595)	62 356 467	54 125 189	(2 453 632)	51 671 557
Finance leased assets	1 121 335	(839 721)	281 614	1 121 335	(465 943)	655 392
Furniture and fixtures	1 097 225	(884 681)	212 544	1 477 943	(715 549)	762 394
IT equipment	2 749 954	(2 000 765)	749 189	2 749 954	(1 481 875)	1 268 079
Motor vehicles	5 230 117	(1 856 232)	3 373 885	5 699 913	(2 279 406)	3 420 507
Office equipment	2 312 343	(638 892)	1 673 451	1 306 408	(617 711)	688 697
Plant and machinery	15 993 792	(4 668 900)	11 324 892	14 356 609	(4 127 699)	10 228 910
Road infrastructure	469 833 787	(178 488 731)	291 345 056	411 317 665	(170 176 749)	241 140 916
Street lights	5 205 187	-	5 205 187	3 411 388	-	3 411 388
Sport and recreation facilities	24 709 527	(6 691 180)	18 018 347	24 709 527	(5 655 881)	19 053 646
Total	**611 742 048**	**(201 048 239)**	**410 693 809**	**528 225 918**	**(189 322 896)**	**338 903 022**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Assets under construction	Disposals	Depreciation	Total
Air conditioners	341 941	-	-	-	(53 678)	288 263
Buildings - community	1 905 618	9 782 731	-	-	(81 372)	11 606 977
Buildings - Market and industrial	4 435 350	-	-	-	(177 414)	4 257 936
Buildings - Municipal and civic	28 278 761	20 326 027	14 616 270	-	(864 591)	62 356 467
Finance leased assets	655 392	-	-	-	(373 778)	281 614
Furniture and fixtures	762 395	-	-	-	(549 851)	212 544
IT equipment	1 268 079	-	-	-	(518 889)	749 190
Motor vehicles	3 420 507	602 628	-	(100 068)	(549 182)	3 373 885
Office equipment	688 696	1 005 935	-	-	(21 180)	1 673 451
Plant and machinery	10 228 910	4 213 556	-	(1 249 104)	(1 868 470)	11 324 892
Road infrastructure	197 081 682	16 805 858	85 769 499	-	(8 311 982)	291 345 057
Street lights	3 411 388	-	1 793 799	-	-	5 205 187
Sport and recreation facilities	17 724 762	1 328 884	-	-	(1 035 299)	18 018 347
	270 203 481	**54 065 619**	**102 179 568**	**(1 349 172)**	**(14 405 686)**	**410 693 810**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Assets under construction	Depreciation	Total
Air conditioners	254 894	162 705	-	(75 658)	341 941
Buildings - community	774 511	1 049 735	-	-	1 824 246
Buildings - Market and industrial	4 600 091	12 673	-	(177 414)	4 435 350
Buildings - Municipal and civic	30 547 243	8 392 321	13 556 691	(824 698)	51 671 557
Finance leased assets	1 029 170	-	-	(373 778)	655 392
Furniture and fixtures	641 185	290 343	-	(169 133)	762 395
IT equipment	1 933 319	-	-	(665 240)	1 268 079
Motor vehicles	2 660 031	1 183 895	-	(423 419)	3 420 507
Office equipment	578 224	231 396	-	(120 924)	688 696
Plant and machinery	7 851 635	3 793 674	-	(1 416 399)	10 228 910
Road infrastructure	199 612 946	16 597 018	32 744 080	(7 813 127)	241 140 917
Street lights	-	-	3 411 388	-	3 411 388
Sport and recreation facilities	15 654 164	4 359 086	-	(959 604)	19 053 646
	266 137 413	**36 072 846**	**49 712 159**	**(13 019 394)**	**338 903 024**

Reconciliation of Work-in-Progress 2015

	Opening balance	Current year cost	Changes and other movements	Total
Road related infrastructure	43 091 675	59 483 682	(16 805 858)	85 769 499
Land and buildings - Municipal	13 556 691	11 602 875	(20 326 027)	4 833 539
Sport and Recreation facilities	-	9 782 732	-	9 782 732
Streets Lights	-	1 793 799	-	1 793 799
	56 648 366	**82 663 088**	**(37 131 885)**	**102 179 569**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

8. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2014

	Opening balance	Current year cost	Changes and other movements	Total
Road related infrastructure	19 448 073	42 862 125	(19 218 523)	43 091 675
Land and buildings - Municipal	17 255 370	16 359 143	(20 057 822)	13 556 691
Sport and Recreation facilities	1 629 251	2 531 310	(4 160 561)	-
	38 332 694	**61 752 578**	**(43 436 906)**	**56 648 366**

Land owned by the Municipality

Included in the Land and buildings is an amount of R 2 645 328 for land that belongs to the municipality. The breakdown of that land is as follows.

	2015	2014
Land Civic	528 115	528 115
Land Community	822 900	822 900
Land Recreation Facilities	1 294 313	1 294 313
	2 645 328	**2 645 328**

9. Finance lease obligation

	2015	2014
Minimum lease payments due		
- within one year	499 902	599 882
- in second to fifth year inclusive	-	449 912
	499 902	1 049 794
less: future finance charges	(92 829)	(265 623)
Present value of minimum lease payments	**407 073**	**784 171**

Finance Lease obligation relates to computers. The lease period is for 3 years (36 months) commencing from 1 April 2013 to 31 March 2016.

10. Trade and other payables (from non-exchange transactions)

	2015	2014
Trade payables	35 745 111	23 295 714
Accrued bonus	1 345 714	2 079 767
Payroll creditors	176 014	-
Unspecified direct deposits	249 694	393 672
Inter-municipal account (MDM) *	-	3 220 233
Accrued leave	10 501 881	11 326 577
	48 018 414	**40 315 963**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

10. Trade and other payables (from non-exchange transactions) (continued)

Inter-municipal account (MDM) *

The water services function is ringfenced on the account of MDM which is the water services authority. Revenue earned, net of agency fees, and transfers received are credited to the inter-municipal control account, while all expenses incurred are charged to the same control account. The net effect of all the balances arising from water services related transactions is a credit amount of:

Gross revenue - water	72 220 808	61 568 231
Gross revenue - sewerage	13 150 133	10 710 442
Gross revenue - Interest	20 037 119	13 291 220
Overheads - water	(97 590 327)	(71 287 086)
Overheads - sewerage	(10 710 596)	(9 305 660)
Water debtors ex GGM - Water	(46 163 799)	(37 866 552)
Water debtors ex GGM - Sewerage	(8 782 394)	(7 020 160)
Water debtors ex GGM - Interest	(24 524 362)	(12 670 642)
Trade creditors	610 960	46 217
Inventory	(1 036 398)	(112 571)
Accrued leave	560 877	521 685
Accrued bonus	105 335	105 414
Long service award	392 261	392 261
Post retirement medical contribution	908 171	847 460
Provision for bad doubtful debts	76 094 125	53 999 975
	(4 728 087)	**3 220 234**

11. VAT payable

Output VAT	-	10 273 477
Input VAT supplies	-	(25 819 895)
VAT recoveries	-	16 973 128
	-	**1 426 710**

Figures in Rand	2015	2014

12. Unspent conditional grants

Municipal Infrastructure Grant (MIG)	-	2 268 709
Municipality System Improvement Grant (MSIG)	539 200	-
Municipal Disaster Recovery Grant (MDRG)	1 512 907	-
National Electrification Grant (INEG)	34 309	-
Unspent balance at the end of the year	**2 086 416**	**2 268 709**

Municipal Infrastructure Grant (MIG)

Opening balance at beginning of the year	2 268 709	11 780 000
Current receipts	66 046 000	47 115 000
Roll Over not approved	(2 268 709)	-
Conditions met - transferred to income	(66 046 000)	(56 626 291)
Conditions still to be met - transferred to liabilities	**-**	**2 268 709**

National Electrification Grant (INEG)

Current receipts	10 000 000	8 000 000
Conditions met - transferred to income	(9 965 691)	(8 000 000)
Conditions still to be met - transferred to liabilities	**34 309**	**-**

Financial Management Grant (FMG)

Opening balance at beginning of the year	-	447 618
Not approved	-	(447 618)
Current receipts	1 600 000	1 550 000
Conditions met - transferred to income	(1 600 000)	(1 550 000)
Conditions still to be met - transferred to liabilities	**-**	**-**

Municipal System Improvement Grant (MSIG)

Opening balance at beginning of the year		
Current receipts	934 000	890 000
Conditions met - transferred to income	(394 800)	(890 000)
Conditions still to be met - transferred to liabilities	**539 200**	**-**

Municipal Disaster Recovery Grant (MDRG)

Current receipts	4 982 000	-
Conditions met - transferred to income	(3 469 093)	-
Conditions still to be met - transferred to liabilities	**1 512 907**	**-**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

13. Retirement benefit obligation

The amounts recognised in the statement of financial position are as follows:

Long service award / bonus		
Opening balance	4 255 414	3 776 104
Service costs	388 299	1 278 271
Interest cost	339 118	273 564
Actuarial gain / loss	188 128	(192 820)
Benefit paid	(144 135)	(296 423)
	5 026 824	**4 838 696**

Post retirement benefit obligation		
Opening balance	13 463 437	8 338 361
Service cost	1 060 034	928 241
Interest cost	1 247 813	791 147
Actuarial gain / loss	1 308 950	3 405 688
	15 765 974	**13 463 437**
Less: Water and Sewer	(1 314 260)	(1 823 003)
Total balance	**19 478 538**	**16 479 130**

The Post-Retirement Healthcare Liability represents the obligation of the municipality to meet the medical aid contributions of retired employees. The amount of the liability is the present value of the obligation less the fair value of any plan assets held in respect of the post-retirement medical scheme. There are no plan assets in this valuation.

The Municipality outsourced the actuarial value assistance of service provider for the purpose of the valuation. (Arch Actuarial Consulting). The valuation was done for the entire reporting period.

The valuation was done for all the employees attached to Greater Giyani Municipality. The Portion relating to water and sewer employees was transferred to Mopani District Municipality.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	22 739 376	12 489 224
Benefits paid	-	5 125 076
Net expense recognised in the statement of financial performance	3 616 797	5 125 076
	26 356 173	**22 739 376**

Net expense recognised in the statement of financial performance

Current service cost	1 060 034	928 241
Interest cost	1 247 813	791 147
Actuarial (gains) losses	1 308 950	3 405 688
	3 616 797	**5 125 076**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

13. Retirement benefit obligation (continued)

Key assumptions used

Assumptions used at the reporting date.

Discount rates used	9,25 %	9,27 %
Medical cost trend rates	8,38 %	8,35 %
Net effective discount rate	0,80 %	0,84 %

The basis used to determine the overall expected rate of return on assets is as follow: [provide details]

The effect of the major categories of plan assets is as follow. [state effect]

Salaries - Changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefit increases· [provide details]

The basis on which the discount rate has been determined is as follow. [state basis]

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows.

Actual returns

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Amounts for the current and previous four years are as follows.

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	17 080 234	13 463 437	8 338 361	4 187 498	3 447 773

14. Accumulated surplus

Sub-heading

Balance at the beginning of the year	384 281 409	327 902 556
Surplus/ deficit for the year	155 441 674	56 378 857
Balance at the end of the year	**539 723 083**	**384 281 413**

15. Service charges

Service charged	3 953 160	3 830 578

Figures in Rand	2015	2014

16. Property rates

Rates received

Property rates billed	28 668 162	27 155 717

Valuations

Residential	1 756 414 884	1 534 354 233
Government	750 263 209	681 437 609
Business	372 078 879	395 094 550
Church	18 850 070	16 031 020
Industrial	8 974 500	26 711 606
	2 906 581 542	**2 653 629 018**

17. Government grants and subsidies

Operating grants		
LGSETA	377 481	119 638
PSETA	-	168 000
Municipal Systems Improvement Grant (MSIG)	394 800	890 000
Expanded public works (EPWP)	1 480 000	1 000 000
Finance Management Grant (FMG)	1 600 001	1 550 000
Equitable share	171 547 000	147 657 000
	175 399 282	151 384 638
Capital grants		
Municipal Disaster Recovery Grant (MDRG)	3 469 093	-
National Electrification Grant (INEG)	9 965 691	8 000 000
Municipal Infrastructure Grant (MIG)	68 314 319	56 626 290
	81 749 103	64 626 290
	257 148 385	**216 010 928**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R (2013. R 6 820 679), which is funded from the grant.

18. Rental of facilities and equipment

Premises		
Rental of facilities - premises	652 616	687 071
Facilities and equipment		
Rental of other facilities and equipment	187 515	151 706
	840 131	**838 777**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

19. Other income

Building plans	111 384	116 080
Clearence certificates	10 899	11 196
Confirmation letters	324 507	269 131
Escort fees	46 754	76 200
Other income	239 189	265 561
Registration and transfers	87 725	77 306
Registration of suppliers	89 295	63 877
Re-issue of statements	10 531	7 637
Rental income - houses	8 991	1 316
Sale of grave plots	77 865	56 367
Sale of refuse bins	8 379	1 662
Sale of tender documents	365 760	235 023
Sewer unblocking	24 286	15 931
Sewer connection	8 282	11 065
Water connection	15 828	13 394
Sewerage and waste disposal	117 496	132 708
	1 547 171	**1 354 454**

20. General expenses

Advertising	502 076	281 575
Auditors remuneration	3 624 060	2 157 527
Cellphones	655 509	561
Consulting and professional fees	12 826 199	6 672 898
Consumables	836 587	803 123
Donations	55 000	42 250
Entertainment	38 213	26 609
IT expenses	469 777	766 745
Magazines, books and periodicals	34 225	27 489
Medical expenses	6 566	156 740
Motor vehicle expenses	2 362 823	1 784 947
Postage and courier	742 724	595 302
Printing and stationery	103 334	227 270
Special programmes	874 044	521 889
Special programmes	3 005 185	4 441 356
Other expenses	9 186 075	6 038 970
Subscriptions and membership fees	1 943 351	845 715
Telephone and fax	912 685	872 804
Training	1 081 922	831 751
Travel - local	4 627 207	3 992 494
General programmes	3 011 491	1 714 930
Project costs expensed	8 492 375	9 479 233
Electricity	2 469 280	1 564 203
Uniforms	86 534	418 964
Vat returns	905 817	-
Free basic services to indigent communities	7 324 112	6 878 438
	66 177 171	**51 143 783**

Projects relating to electricity are not capitalised by the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

21. Employee related costs

Basic	59 552 837	54 400 005
Bonus	3 926 003	3 942 204
Medical aid - company contributions	2 323 907	1 843 091
UIF	515 755	348 499
SALGA	891 253	184 152
Leave pay provision charge	(165 214)	2 045 347
Defined contribution plans	15 739 046	15 646 724
Overtime payments	3 051 608	1 564 398
Long-service awards	(235 520)	1 627 989
Acting allowances	225 610	168 707
Car allowance	6 337 334	4 437 934
Housing benefits and allowances	193 262	157 262
Cellphone allowance	13 555	356 330
Other employee costs	1 598 393	1 914 360
Clothing allowance	7 500	5 000
Other allowances	-	81 035
Standby allowance	227 059	93 723
	94 202 388	**88 816 760**

Remuneration of accounting officer: GI Masingi

Annual Remuneration	80 042	863 006
Car Allowance	-	97 500
Cellphone allowance	-	20 628
Leave Pay	184 417	-
Contributions to UIF, Medical and Pension Funds	1 719	1 785
Back Pay	38 420	-
	266 178	**982 919**

Remuneration of chief finance officer: RH Maluleke

Annual Remuneration	599 947	574 176
Car Allowance	288 000	288 000
Cellphone allowance	-	13 752
Contributions to UIF, Medical and Pension Funds	52 443	58 328
	940 390	**934 256**

Remuneration of corporate services director: NS Simango

Annual Remuneration	547 948	514 123
Car Allowance	174 556	174 556
Cellphone allowance	-	13 752
Contributions to UIF, Medical and Pension Funds	157 804	209 995
	880 308	**912 426**

Figures in Rand	2015	2014

21. Employee related costs (continued)

Remuneration of technical services director: P Mathebula

Annual Remuneration	515 250	492 000
Car Allowance	328 000	328 000
Cellphone allowance	-	13 752
Contributions to UIF, Medical and Pension Funds	9 608	13 585
	852 858	**847 337**

Remuneration of acting community services director: NS Mabundza

Annual Remuneration	390 316	365 499
Acting allowance	43 808	44 606
Annual bonus	32 526	30 458
Car Allowance	131 836	131 836
Cellphone allowance	-	8 250
Housing assistance	6 402	5 736
Contributions to UIF, Medical and Pension Funds	98 968	116 928
	703 856	**703 313**

Remuneration of strategic planning director: NS Hoaeane

Annual Remuneration	603 667	534 967
Car Allowance	155 813	155 813
Cellphone allowance	-	12 996
Contributions to UIF, Medical and Pension Funds	1 785	107 121
Back pay	13 699	-
Acting Allowence	68 493	-
	843 457	**810 897**

Remuneration of acting chief finance officer: A Mothapo

Annual remuneration	427 055	-
Overtime	26 387	-
Acting allowance	23 299	-
Annual bonus	35 588	-
Car allowance	133 779	-
Contribution to UIF, medical & pension funds	110 458	-
	756 566	-

22. Remuneration of councillors

	Basic	Pension	Travelling allowance	Data allowance	Cellphone allowance	Total
MP Hlungwani (Mayor)	538 871	80 831	179 624	3 600	20 868	823 794
NM Maswanganyi	222 284	33 343	74 095	3 600	20 868	354 190
JT Chavalala	222 284	33 343	74 095	3 600	20 868	354 190
PP Makhubele	80 831	12 125	26 943	1 800	6 956	128 655
NHP Ndaba	404 154	60 623	134 718	3 600	20 868	623 963
NM Rikhotso	404 154	60 623	134 718	3 600	20 868	623 963
NR Khandlhela	161 661	24 249	53 887	3 600	20 868	264 265
KA Manganyi	222 284	33 343	74 095	3 600	20 868	354 190
TE Baloyi	161 661	24 249	53 887	3 600	20 868	264 265
XJ Valoyi	161 661	24 249	53 887	3 600	20 868	264 265
GA Maluleke	161 661	24 249	53 887	3 600	20 868	264 265
MA Makamu	222 284	33 343	74 095	3 600	20 868	354 190
HD Shivambu	161 661	24 249	53 887	3 600	20 868	264 265
SS Mathebula	431 097	64 665	143 699	3 600	20 868	663 929
HJ Manganye	161 661	24 249	53 887	3 600	20 868	264 265
EN Mabunda	222 284	33 343	74 095	3 600	20 868	354 190
MJ Ndlovu	161 661	24 249	53 887	3 600	20 868	264 265
PY Matukane	161 661	24 249	53 887	3 600	20 868	264 265
W Baloyi	161 661	24 249	53 887	3 600	20 868	264 265
MJ Makhubela	161 661	24 249	53 887	3 600	20 868	264 265
GE Kobane	161 661	24 249	53 887	3 600	20 868	264 265
M Shiviti	161 661	24 249	53 887	3 600	20 868	264 265
MS Maswanganye	161 661	24 249	53 887	3 600	20 868	264 265
SH Fuela	161 661	24 249	53 887	3 600	20 868	264 265
SH Vukeya	161 661	24 249	53 887	3 600	20 868	264 265
RO Mabasa	377 210	56 581	125 736	3 600	20 868	583 995
AM Ngobeni	161 661	24 249	53 887	3 600	20 868	264 265
B Gaveni	161 661	24 249	53 887	3 600	20 868	264 265
TA Makhubele	161 661	24 249	53 887	3 600	20 868	264 265
MT Sambo	161 661	24 249	53 887	3 600	20 868	264 265
TN Mavasa	161 661	24 249	53 887	3 600	20 868	264 265
PP Mkhari	161 661	24 249	53 887	3 600	20 868	264 265
MG Makhubele	161 661	24 249	53 887	3 600	20 868	264 265
DE Baloyi	161 661	24 249	53 887	3 600	20 868	264 265
GE Sithole	161 661	24 249	53 887	3 600	20 868	264 265
MW Mthombeni	161 661	24 249	53 887	3 600	20 868	264 265
AM Mthombeni	161 661	24 249	53 887	3 600	20 868	264 265
MI Shimange	222 284	33 343	74 095	3 600	20 868	354 190
TR Maluleke	161 661	24 249	53 887	3 600	20 868	264 265
NP Mhlongo	161 661	24 249	53 887	3 600	20 868	264 265
TC Manganyi	161 661	24 249	53 887	3 600	20 868	264 265
HR Shivambu	161 661	24 249	53 887	3 600	20 868	264 265
TJ Moshwana	161 661	24 249	53 887	3 600	20 868	264 265
ZR Maswanganyi	161 661	24 249	53 887	3 600	20 868	264 265
HB Ntimana	161 661	24 249	53 887	3 600	20 868	264 265
MP Makhubele	161 661	24 249	53 887	3 600	20 868	264 265
HH Makhubele	161 661	24 249	53 887	3 600	20 868	264 265
MD Hlungwani	161 661	24 249	53 887	3 600	20 868	264 265
MJ Mathebula	161 661	24 249	53 887	3 600	20 868	264 265
TC Zitha	161 661	24 249	53 887	3 600	20 868	264 265
A Rikhotso	404 154	60 623	134 718	3 600	20 868	623 963
HI Baloyi	161 661	24 249	53 887	3 600	20 868	264 265
BM Makhubele	161 661	24 249	53 887	3 600	20 868	264 265
WW Mhlongo	161 661	24 249	53 887	3 600	20 868	264 265

Notes to the Annual Financial Statements

Figures in Rand					2015	2014

22. Remuneration of councillors (continued)

MQ Rikhotso	161 661	24 249	53 887	3 600	20 868	264 265
JH Bilankulu	404 154	60 623	134 718	3 600	20 868	623 963
S Makhubele	161 661	24 249	53 887	3 600	20 868	264 265
BM Khosa	161 661	24 249	53 887	3 600	20 868	264 265
SS Maswanganyi	161 661	24 249	53 887	3 600	20 868	264 265
MC Modjela	161 661	24 249	53 887	3 600	20 868	264 265
ME Ngobeni	26 944	4 042	8 981	600	3 478	44 045
	11 841 679	**1 776 248**	**3 947 227**	**214 800**	**1 241 646**	**19 021 600**

In-kind benefits

The Mayor, Speaker, Chief Whip and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Mayor has use of a Council owned vehicle for offic al duties.

23. Debt impairment

	2015	2014
Debt impairment	(45 410 047)	28 449 727

All debtors balances aged above 120 days are considered doubtful, and a provision is raised in respect thereof. The provision is raised at cost.

24. Interest received

	2015	2014
Interest revenue		
Interest on investments	9 225 009	5 784 133
Interest on outstanding debtors	5 668 651	7 293 177
	14 893 660	**13 077 310**

25. Depreciation

	2015	2014
Property, plant and equipment	14 405 689	13 019 390

26. Finance costs

	2015	2014
Bank	430 059	514 286

27. Auditors' remuneration

	2015	2014
Auditor General Audit fees	2 887 753	2 157 527
Consulting	437 120	-
Audit committee fees	299 187	-
	3 624 060	**2 157 527**

28. Contracted services

	2015	2014
Insurance	213 876	426 898

Figures in Rand	2015	2014

29. Cash generated from operations

Surplus	155 441 674	56 378 857
Adjustments for:		
Depreciation	14 405 689	13 019 390
Loss on sale of assets and liabilities	(427 436)	-
Debt impairment	(45 410 047)	-
Movements in retirement benefit assets and liabilities	3 160 939	5 032 531
Changes in working capital:		
(Decrease) / Increase in Inventories	(942 452)	(235 508)
(Decrease) / Increase in Trade and other receivables	(2 504 937)	(12 512 022)
(Decrease) / Increase in Consumer debtors	21 976 965	7 178 134
Trade and other payables (from non-exchange transactions)	7 702 451	15 262 391
(Decrease) / Increase in VAT	(3 384 827)	(1 684 035)
(Decrease) / Increase in Unspent conditional grants	(181 903)	(9 511 270)
	149 836 116	**72 928 468**

Figures in Rand	2015	2014

30. Commitments

Authorised capital expenditure

Approved and contracted for		
• Formalisation of new settlement	51 163	-
• Nkomo B upgrading from gravel to tarr	455 529	-
• Section E sports centre	21 367 925	-
• Electrification of Gandlanani village	228 363	-
• Electrification of Bambeni village	229 898	-
• Electrification of Mninginisi	294 331	-
• 30 Highmast lights in crime prone arears	7 128 569	-
• Nkuri (Zamani) access road	-	8 641 432
• Refurbishment of giyani streets lights	508 700	-
• Sec A nyagelani upgrading of streets	-	16 277 877
• Thomo Community Hall	179 085	-
• Development of electricity master plan	154 800	-
• Electrification of phikela and Dingamazi	1 901 699	-
• Electrification of Mbaula	4 547 953	-
• Electrification of Mphagani and Nsavulani	777 294	-
• Electrification of Shikhumba	4 232 779	-
• Rehabilitation of streets CBD phase 3	-	29 899 537
• High Mast lights in crime prone areas	-	511 066
• Ugrading of main streets (Ndengeza)	-	1 345 316
• Homu sports center	-	6 533 217
• Movable and Imovable Assets Verification	-	660 858
	42 058 088	**63 869 303**

Not yet contracted for and authorised by accounting officer		
• Waste disposal site development	2 728 606	-
• Homu 14 B to 14 A upgrading from gravel to tarr	3 390 679	-
• Civic Centre officces phase 2	2 708 030	-
• Culvert bridges to cemetries	2 396 166	-
• Mageva sports centre	20 717 238	-
• Bode paving of internal streets	1 921 232	-
• Makosha upgrading from Gravel to tarr	3 801 906	-
• Ndhambi taxi rank	1 424 936	-
• Refurbishment of Giyani arts and calture	955 894	-
• Upgrading of Parking Lot	6 840 000	-
• Debtors Data Cleansing	795 104	-
	47 679 791	**-**
Total commitments	**5 527 568**	**29 811 679**

Total capital commitments		
Already contracted for but not provided for	42 058 088	63 869 303
Not yet contracted for and authorised by accounting officer	47 679 791	-
	89 737 879	**63 869 303**

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Figures in Rand	2015	2014

31. **Contingencies**

Contingent liabilities

The municipality has various claims of legal disputes with suppliers that are subject to mediation or legal process.

The table below indicates the details of claims referred above

Name of the case	Description	Legal representatives	Current status	Litigation amount R
GGMUN V/S TT Ngobeni	The matter is concerning extension of structure at market stall without approval of municipality	Chabalala Mthombeni Attorneys	Received court interdict, we are now awaiting trial date	45 000
GGMUN V/S Nkonyane R	The matter is concerning structure as an illegal extension of market stall	Chabalala Mthombeni Attorneys	Received court interdict, we are now awiting trial date	45 000
GGMUN V/S Kalusi Makamu	GGMUN V/S Kalusi Makamu and 10 unknown illegal occupiers at section E 65 next to 497	Modjadji - Raphesu	New instruction given to the attorney to proceed with the matter	65 000
GGM V/S Fickson Hlungwani	Operation of carwash in the municipal area without the municipality's consent	Mushwana Incorporated	New attorney appointed and instruction given to the attorney to proceed with the matter	100 000
GGMUN V/S Maselesele	GGMUN V/S Maselesele land claim within the CBD	Popela-Maake attorneys	Awaiting trial date	3 000 000
Knowledge Ngobeni V/S GGM Plaintiff	Knowledge Ngobeni V/S GGM Plaintiff issued summons against the Municipality for an amount of R 900 000 for structure demolished at site 1947 and 1948 F	Modjadji - Raphesu	Pre-trial conference held on 22/03/2013. Waiting for trial date	145 000
Telkom SA VS. Greater Giyani Municipality	Telkom sued the municipality the amount of R 27000 for damages suffered	No Attorney appointed	Matter withdrawn	27 000
				3 427 000

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

32. Related parties

Relationships	
Members of key management	RH Maluleke NS Hoaeane P Mathebula NS Mabundza NS Simango MA Mothapo

Key personnel

The salaries and benefits of all the section 57/56 Managers are treated as related party transactions due to the nature of their work and the responsibilities.

Refer to note 21 of the Employee related costs for remuneration details of Section 57 Managers.

Compensation to accounting officer and other key management		
Defined contribution plans	-	9 000

33. Prior period errors

The correction of the error(s) results in adjustments as follows:

Property, plant and equipment

Statement of financial position		
Previously reported	-	256 204 154
Plant Equipments	-	2 576 374
Motor vehicle	-	883 187
Motor Vehicle Accummulated Depreciation	-	(634 791)
Motor Vehicle Accummulated Depreciation	-	(1 100 160)
Reinstated amount	**-**	**257 928 764**

Figures in Rand	2015	2014

33. Prior period errors (continued)

	2015	2014
Roads Infrustructure		
Previously reported	-	129 300 793
Accummulated surplus adjustments	-	70 312 152
Reinstated amount	-	**199 612 945**
Net Impact to Accummulated surplus (Increase)	-	72 036 764

Plant Property and Equipment

During the 2013 financial year, the council took the decision to disposed off certain assets that were old and not useful to the Municipality. The Municipality wrote off those assets against the Accummulated surplus. It was then realised that it is wrong to have written off and as a results the assets had to be brought back in to the brought back in to the books until they are disposed.

Road Infrustructure
During the year municipality unbuddled its road infrustructure from 2010 using units rates, as a results the cost and accummulated depreciation had to be adjusted significantly through accummulated surplus

Unspent Conditional Grant

	2015	2014
Statement of financial position		
Previously reported	-	2 715 937
Adjustments	-	(447 618)
Reinstated amount	-	**2 268 319**
Net impact to Accummulated surplus (Increase)	-	(447 618)

During 2013 financial year the roll over for Financial Management Grant (FMG) was not approved by the National Treasury and as a result the amount was sett off agiast the equitable shares allocation for the Municipality. The amount was still in the books of the Municipality even after it has been set off.

34. Risk management

Financial risk management

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The municipality's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the municipality's internal audit function.

The municipality monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. The municipality has exposure to the following financial risks from its use of financial instruments

- Liquidity risk
- Market risk (including interest rate risk and price risk)
- Credit risk

The municipality seeks to minimise the effects of these risks in accordance witn the municipality's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis The municipality does not enter into or trade in financial instruments for speculative purposes.

34. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipality's exposure to liquidity risk is a result of the funds available to cover future commitments. The municipality manages liquidity risk through ongoing review of commitments

The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The municipality has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. The entity's exposures to interest rates on financial assets and financial liabilities are detailed below.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call and notice deposits.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the economic entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. The municipality's policy is to make as far as possible use of fixed rate instruments. During 2011 and 2010, the municipality's borrowings at variable rate were denominated in the Rand.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Cash and cash equivalents	150 319 382	86 643 612
Trade and other receivables	16 533 198	14 028 261

These balances represent the maximum exposure to credit risk.

35. Fruitless and wasteful expenditure

Opening balance	43 968	41 000
Current year disclosures	29 402	2 968
	73 370	**43 968**

Interest charged on outstanding Eskom and Telkom accounts.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

36. Irregular expenditure

Opening balance	14 259 279	7 100 947
Current year disclosures	4 480 605	7 158 332
	18 739 884	**14 259 279**

The irregular expenditure as disclosed came as a result of the Municipality deviating from the normal procurement processes.

37. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

In terms of section 36 / MFMA regulations, any deviation from the SCM policy should be approved or condoned by the accounting officer.

Incident

Disclosures are hereunder made in terms of the MFMA (section 114), in terms whereof if a tender other than the one recommended in the normal course of implementing the SCM policy is approved, the accounting officer must, in writing, notify Auditor-General, the relevant Provincial Treasury and National Treasury of the reasons for deviating from such recommendations. With regards to the current year, the deviations were tabled to Council and the relevant offices duly notified in writing.

SALGA

Current year SALGA deductions	75 430	70 803
Amount paid - current year	(75 430)	(70 803)
	-	-

PAYE and UIF

Current year fee	14 476 773	13 249 039
Amount paid - current year	(14 476 773)	(13 249 039)
	-	-

Pension and Medical Aid Deductions

Current year fee	14 967 058	20 305 312
Amount paid - current year	(14 967 058)	(20 305 312)
	-	-

Audit fees

Auditor General	3 292 039	2 157 527

GREATER GIYANI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2015

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
Land and Buildings	**56 410 769**	20 326 027	-	14 616 270	65 756 062	7 489 762	864 591	-	3 399 595	62 356 467
Infrastructure					-				-	
Roads	416 584 873	16 805 858	-	87 563 298	475 038 974	167 834 708	8 311 982	-	178 488 731	296 550 243
	472 995 642	**37 131 885**	-	**102 179 568**	**540 795 036**	**175 324 470**	**9 176 573**	-	**181 888 326**	**358 906 710**
Community Assets										
Recreation Grounds	25 192 943	1 328 884	-	-	24 709 527	5 655 881	1 035 299	-	6 691 180	18 018 347
Community Buildings	3 392 735	9 782 731	-	-	12 125 732	437 383	81 372	-	518 755	11 606 977
Building -Industrial	4 942 247	-			4 942 247	506 897	177 414		684 311	4 257 936
	33 527 925	**11 111 615**	-	-	**41 777 506**	**6 600 161**	**1 294 085**	-	**7 894 246**	**33 883 260**
Heritage Assets										
Total carried forward	**506 523 567**	**48 243 500**	-	**102 179 568**	**582 572 542**	**181 924 631**	**10 470 658**	-	**189 782 572**	**392 789 970**

GREATER GIYANI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2015

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
Total brought forward	506 523 567	48 243 500	-	102 179 568	582 572 542	181 924 631	10 470 658	-	189 782 572	392 789 970
Other Assets										
Computer and Accessori	2 829 359		-	-	2 749 954	1 511 664	518 889	-	2 000 765	749 189
Airconditioner	712 966		-	-	664 740	334 632	53 678	-	376 477	288 263
Office Machines	1 263 664	1 005 935	-	-	2 312 343	599 374	21 180	-	638 892	1 673 451
Furniture and Fittings	1 853 652		-	-	1 097 225	739 938	549 851	-	884 681	212 544
Motor vehicles	6 443 099	602 628	(1 072 424)	-	5 230 117	2 804 022	549 182	(972 357)	1 856 232	3 373 885
Plant and Equipment	13 015 025	4 213 556	(2 576 374)	-	15 993 792	5 134 882	1 868 470	(1 327 270)	4 668 900	11 324 892
Other Equipments	3 914 648		-	-	-	66 694	-	-	-	-
	30 032 414	**5 822 119**	**(3 648 798)**	-	**28 048 171**	**11 191 207**	**3 561 250**	**(2 299 626)**	**10 425 947**	**17 622 224**
Finance Lease Assets										
Computer Equipment	1 121 335	-	-	-	1 121 335	465 943	373 778	-	839 721	281 615
Total	**537 677 316**	**54 065 619**	**(3 648 798)**	**102 179 568**	**611 742 048**	**193 581 780**	**14 405 686**	**(2 299 626)**	**201 048 239**	**410 693 809**

GREATER GIYANI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2015

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value

GREATER GIYANI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2014

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R
Land and Buildings	42 737 283	13 667 486	-	17 255 369	56 410 769	2 015 519	824 697	-	7 489 762	48 921 007
Infrastructure					-				-	
Roads	360 456 628	42 862 126	-	19 448 073	411 379 686	160 021 582	7 813 126	-	167 834 708	243 544 978
	-				-				-	
	403 193 911	**56 529 612**	-	**36 703 442**	**467 790 455**	**162 037 101**	**8 637 823**	-	**175 324 470**	**292 465 985**
Community Assets										
Recreation Grounds	21 032 382	4 160 561	-	1 629 251	25 192 943	4 696 278	959 603	-	5 655 881	19 537 063
Community Buildings	2 343 000	1 049 735	-	-	3 392 735	437 383		-	437 383	2 955 352
Building -Industrial	4 942 247	12 673			4 954 920	329 483	177 414		506 897	4 448 023
	28 317 629	**5 222 969**	-	**1 629 251**	**33 540 598**	**5 463 144**	**1 137 017**	-	**6 600 161**	**26 940 438**
Heritage Assets										
Total carried forward	**431 511 540**	**61 752 581**	-	**38 332 693**	**501 331 053**	**167 500 245**	**9 774 840**	-	**181 924 631**	**319 406 423**

GREATER GIYANI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
Total brought forward	675 028 878	61 752 581	-	38 332 693	744 848 391	285 310 303	9 774 840	-	299 734 689	445 113 702
Other Assets										
Computer and Accessori	2 829 359		-	-	2 829 359	846 424	665 240	-	1 511 664	1 317 696
Airconditioner	550 261	162 705	-	-	712 966	258 975	75 657	-	334 632	378 334
Office Machines	1 032 268	231 396	-	-	1 263 664	478 449	120 925	-	599 374	664 290
Furniture and Fittings	1 563 309	290 343	-	-	1 853 652	570 806	169 132	-	739 938	1 113 713
Motor vehicles	5 259 204	1 183 895	-	-	6 443 099	2 380 603	423 419	-	2 804 022	3 639 077
Plant and Equipment	13 015 025		-	-	13 015 025	3 744 026	1 390 857	-	5 134 882	7 880 143
Other Equipments	120 973	3 793 675	-	-	3 914 648	41 146	25 548	-	66 694	3 847 954
	24 370 400	**5 662 014**	-	-	**30 032 414**	**8 320 430**	**2 870 777**	-	**11 191 207**	**18 841 207**
Finance Lease Assets										
Computer Equipment	1 121 335	-	-	-	1 121 335	92 165	373 778	-	465 943	655 393
Total	**457 003 275**	**67 414 595**	-	**38 332 693**	**532 484 802**	**175 912 839**	**13 019 395**	-	**193 581 780**	**338 903 022**

GREATER GIYANI LOCAL MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2015

	Cost / Revaluation				Accumulated Depreciation				
	Opening Balance	Additions and Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying value
Executive & Council	11 067 689	2 249 814	-	13 317 503	4 585 818	307 389	-	4 893 207	**8 424 296**
Finance & Admin	16 641 732	3 382 893	-	20 024 625	6 895 383	462 199	-	7 357 583	**12 667 042**
Planning & Development	30 382 245	6 775 285	-	37 157 530	12 588 667	843 821	-	13 432 488	**23 725 041**
Health	4 061 317	825 575	-	4 886 892	1 682 778	112 797	-	1 795 575	**3 091 317**
Community & Social Services	7 520 266	1 528 702	(1 072 424)	7 976 544	3 115 969	208 864	(972 357)	2 352 476	**5 624 068**
Public Safety	542 885	110 356	-	653 241	224 940	15 078	-	240 018	**413 223**
Sport & Recreation	36 141 709	11 487 090	-	47 628 798	14 975 060	1 003 782	-	15 978 842	**31 649 956**
Environmental Protection	-	-	-	-	-		-	-	**-**
Waste Management	478 064	97 180	-	575 244	198 082	13 278	-	211 360	**363 884**
Road Transport	350 767 092	129 474 703	(2 576 374)	477 665 422	144 036 291	11 395 633	(1 327 270)	154 104 654	**323 560 767**
Water	760 803	154 654	-	915 457	315 233	21 130	-	336 363	**579 094**
Electricity	558 650	113 561	-	672 211	231 473	15 516	-	246 988	**425 223**
Other	223 208	45 373	-	268 582	92 485	6 199	-	98 684	**169 898**
Total	**459 145 659**	**156 245 187**	**(3 648 798)**	**611 742 048**	**188 942 180**	**14 405 686**	**(2 299 626)**	**201 048 239**	**410 693 809**

Appendix D

Segmental Statement of Financial Performance for the year ended 30 June 2015

Prior Year				Current Year		
Actual	**Actual**	**Surplus/**		**Actual**	**Actual**	**Surplus/**
Income	**Expenditure**	**(Deficit)**		**Income**	**Expenditure**	**(Deficit)**
Rand	**Rand**	**Rand**		**Rand**	**Rand**	**Rand**
	33 784 651	(33 784 651)	Executive & Council/Mayor and Council	-	37 517 345	(37 517 345)
257 015 132	102 216 717	154 798 416	Finance & Admin /Finance	301 570 450	36 498 471	265 071 979
437 511	8 365 341	(7 927 830)	Planning and Development/Economic Development plan	510 590	7 113 318	(6 602 728)
		-	Health/Clinics	-		-
7 762 603	18 269 695	(10 507 092)	Comm. & Social /Libraries and archives	8 813 801	21 149 824	(12 336 023)
572 605	697 550	(124 946)	Housing	496 645	824 503	(327 858)
	4 599 668	(4 599 668)	Public Safety/ Police	-	6 774 092	(6 774 092)
48 942	5 078 633	(5 029 691)	Sports and Recreation	56 223	5 616 393	(5 560 170)
		-	Environmental Protection/Pollution Control	-		-
-	2 250	(2 250)	Waste Water Management/ Sewerage	117 496	114 496	3 000
(2 233)	20 467 091	(20 469 324)	Road Transport/ Roads	-	16 795 465	(16 795 465)
323 351	5 617 906	(5 294 555)	Water/Water Distribution	242 887	(1 060 013)	1 302 900
	19 230 230	(19 230 230)	Electricity/ Electricity Distribution		21 655 341	(21 655 341)
56 367	1 577 712	(1 521 345)	Other	77 865	3 872 483	(3 794 618)
266 214 278	**219 907 445**	**46 306 833**	**Totals**	**311 885 957**	**156 871 718**	**155 014 239**

Appendix E(1)

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2015

	Current year 2015 Act.Bal. Rand	Current year 2015 Adjusted budget Rand	2015 Variance Rand	2015 Variance %	Explanation of significant variances greater than 10% versus Budget
Revenue					
Property rates					
Services Charges	28 668 162	41 600 000	12 931 838.00	31%	
Rental of facilities and equipment	3 953 160	3 736 700	(216 460.00)	-6%	
Income from agency services	840 130	783 850	(56 280.00)	-7%	
Fines	244 525	200 000	(44 525.00)	-22%	
Licences and Permits	91 418	58 000	(33 418.00)	-58%	
Government grants & subsidies	4 499 346	5 240 000	740 654.00	14%	
Other income	257 148 385	259 218 000	2 069 615.00	1%	
Interest received -investment	1 547 171	3 500 450	1 953 279.00	56%	
Interest received- outstanding debtors	9 225 009	6 400 000	(2 825 009.00)	-44%	
	5 668 651	5 750 000	81 349.00	1%	
TOTALS					
	311 885 957	**326 487 000**	**14 601 043.00**	**4%**	
Expenses					
Personnel					
Remuneration of councillors	94 202 388.00	95 446 661	1 244 273.00	1%	
Depreciation	18 573 328.00	16 944 232	(1 629 096.00)	-10%	
Finance costs	14 405 689.00	30 000 000	15 594 311.00	52%	
rentals on operating lease	430 059.00	450 000	19 941.00	4%	
Debt impairment	390 755.00	-	(390 755.00)	0%	
Repairs & maintenance	(45 410 047.00)	20 000 000	65 410 047.00	327%	
Contracted Services	7 888 503.00	13 990 709	6 102 206.00	44%	
General Expenses	213 876.00	850 000	636 124.00	75%	
	66 177 167.00	61 132 690	(5 044 477.00)	-8%	
TOTALS					
	156 871 718.00	**238 814 292**	**81 942 574.00**	**34%**	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities					
Gain or loss on exchange differences	427 436	250 000	(177 436)	-71%	
Net surplus / (deficit) for the year					
	155 441 675.00	**87 922 708.00**	**(67 518 967.00)**	**-30%**	

Appendix E(2)

Budget Analysis of Capital Expenditure as at 30 June 2015

Municipality	Additions Rand	Revised Budget Rand	Variance Rand	Variance %
Executive & Council/Mayor and Council	62 882.64	88 932.00	26 049.36	29%
Finance & Admin /Finance	9 454 774.20	14 520 424.00	5 065 649.80	35%
Planning and Development/Economic Development plan	778 146.90	1 200 000.00	421 853.10	35%
Comm. & Social /Libraries and archives	7 129 190.74	13 791 607.00	6 662 416.26	48%
Sports and Recreation	9 782 731.64	12 115 800.00	2 333 068.36	19%
Road Transport/ Roads	61 277 480.87	62 668 277.00	1 390 796.13	2%
Electricity/ Electricity Distribution	-	13 537 666.00	13 537 666.00	100%
TOTALS	**88 485 206.99**	**117 922 706.00**	**29 437 499.01**	**269%**

APPENDIX F

GREATER GIYANI MUNICIPALITY

For the year ended 30 June 2015

Disclosures of Grants and subsidies in Terms of the Section 123 of MFMA, 56 OF 2003

Grants and subsidies Received

Name of the Grant	Organ of States	Quarterly Income				Quarterly Expenditure				Grants & Subsidies delayed/withheld	Reaso for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		July- Sept	Oct - Dec	Jan - March	April - June	July- Sept	Oct - Dec	Jan - March	April - June			Yes/No	
Municipal Infrastructure Grant	DPLG	30 678 000	18 901 000	16 467 000	-	9 158 646	22 470 861	25 251 996	9 164 497	No	N/A	Yes	N/A
Municipal System Improvement Grant	LGTA	934 000	-	-	-	19 895	2 975	149 500	222 430	No	N/A	Yes	N/A
Finance Management Grant	National Treasury	1 600 000	-	-	-	290 815	682 357	570 730	56 099	No	N/A	Yes	N/A
EPWP	Public Works	592 000	444 000	444 000	-	453 125	572 818	454 057	-	No	N/A	Yes	N/A
INEG	Dept of Energy	7 500 000	2 500 000			1 416 755	-	2 614 864	5 934 072	No	N/A	Yes	N/A
MDRG		-	-	4 982 000	-	-	-	-	3 469 093	No	N/A	Yes	N/A
LGSETA		247 523	51 720	49 905	28 333					No	N/A	Yes	N/A
Equitable Share	National Treasury	68 801 000	55 670 000	47 076 000	-	-	-	-	-	No	N/A	Yes	N/A
		110 352 523	77 566 720	69 018 905	28 333	23 729 011	29 041 147	18 846 191	-				
					256 966 481				71 616 349				

ROLL OVER FOR 2013 2014 FINANCIAL YEAR

NAME OF THE GRANT	APPROVED ROLL OVER	QUARTERLY EXPENDITURE				TOTALS
		July - Sept	Oct - Dec	Jan - March	April-June	
MUNICIPAL INFRASTRUCTURE GRANT						

The roll over for MIG for 2013 2014 Financial Year was not approved by National Treasury.